

Cash Handling

Policy

Live from: 2024

Live until: 2027

Title	Cash Handling Policy		
Creator	Author(s)	Maggie Burns (Senior Financial Accountant – Financial Systems and Governance)	
	Approved by	Janette Savage/Justin Weston	
	Department	Finance and Investments	
	Service area	Finance	
	Head of Service	Justin Weston	
	Director	Debbie Middleton	
Date	Created	10 November 2023	
	Submitted	18 June 2024	
	Approved		
	Updating Frequency	Every 3 years	
Status	Version: 1.3		
Contributor(s)	Head of Service Resident & Business Support Services, Head of Service Finance & Investments, VAT & Banking Officer, Accounting Officer VAT & Banking, Senior Financial Accountant Financial Systems & Governance		
Subject	Cash Handling Policy		
Type	Policy		
	Vital Record		EIR
Coverage	Middlesbrough Council		
Language	English		
Document Control			
Version	Date	Revision History	Reviser
1.0	10.11.23	First draft	MB
1.1	02.02.23	2nd Draft	MB
1.2	08.04.24	3rd Draft	JS/JW
1.3	05.07.24	Final Draft	DM/JS/JW/MB/DG
Distribution List			
Version	Date	Name/Service area	Action
1.2		Resident & Business Support Services, Finance & Investment	MB
		Financial Planning and Support	MB
Contact:	Maggie_Burns@middlesbrough.gov.uk		

1. Summary

- 1.1 The Cash Handling Policy establishes the control framework within which officers should manage and handle the Council's cash within and outside of the Council's premises. The Cash Handling Policy sets out rules for the safe, accurate and efficient handling and recording of cash to reduce the risk of cash loss from fraud, error and theft, and to reduce risk exposure of employees who handle cash.
- 1.2 The objective of the policy is to safeguard the Council's cash and those staff that are required to handle cash as part of their duties. The policy sets out the best practices for cash management at Middlesbrough Council to ensure efficiency, robust control and reduce risk of fraud, theft, and error.
- 1.3 All Directors must confirm that their teams are fully aware of the requirements of this policy and certify that all their staff are, in all instances, actively complying with the protocols within it.

2. Context

- 2.1 The Cash Handling Policy contributes to the fulfilment of the responsibilities of the s151 Officer for the proper administration of the Council's financial affairs. The Policy should be read in conjunction with the Council's Financial Procedure Rules which form part of the Constitution.

3. Purpose

- 3.1 The purpose of this policy is to set out the requirements for robust and secure arrangements for the handling of cash. Effective cash management is important for financial governance and mitigating the financial risk to the Council and employees responsible for handling cash. Officers should understand their responsibilities to ensure the process is robust and effective.
- 3.2 This cash handling policy is a set of rules on how to manage Middlesbrough Council's cash either within or outside of Council premises. The cash handling policy focuses on safety to reduce cash losses, help increase efficiency and reduce human error.
- 3.3 Middlesbrough Council entrusts its employees with handling the Council's cash. Officers must act responsibly, reliably, and honestly in all dealings with the Council's cash.

4. Scope

- 4.1 The policy applies to all employees who handle cash on behalf of Middlesbrough Council. This includes but is not limited to Middlesbrough Council's employees, contractors, interim staff, agency staff, and other workers with access to handle Middlesbrough Council's cash as part of their duties.
- 4.2 The Director of Finance and their deputies are responsible for the proper administration of the Council's financial affairs however, all staff have a responsibility to safeguard assets and protect them from misappropriation.
- 4.3 To protect the Council and its employees, the risk of any loss must be considered and when appropriate, added to each Directorate's risk register. Risk assessments are required for all staff involved in cash handling. Directors must ensure that risk

assessments are completed, and these will be reviewed by the Head of Finance and Investments annually. A risk assessment template is included at Appendix A.

- 4.4 To help prevent the loss or misappropriation of cash, it is important that staff have a clear understanding of their own responsibilities, and the need for a definite separation of duties so that the risk of loss is minimised.
- 4.5 This Cash Handling Policy should be read by all staff involved in handling cash, notwithstanding this forms part of the Council's financial regulations, and must be adhered to. In the event of loss or misappropriation of cash, staff involved may be subject to disciplinary proceedings, prosecution and be required to repay any losses subject to the findings of the investigation.
- 4.6 The Council prefers to receive payments by electronic means, providing better security and safeguarding of funds. Preferred methods of payment are online via the web site, by direct debit, credit or debit card and officers should direct members of the public to make payments via these methods.

5. Policy Detail

Separation of duties

- 5.1 Separation of duties is fundamental internal control and forms a key element of effective risk management procedures and risk management strategy ([Risk management \(sharepoint.com\)](#)). It allows the responsibility for key business processes to be shared by distributing functions in a controlled way to multiple people, helping to reduce the risk of possible errors. It mitigates the risk of loss from fraud for the Council and aims to protect employees from fraud and the risk of accusation of fraud.
- 5.2 Separation of duties is designed to prevent unilateral actions within an organisation which could result in loss, error or fraud ([Anti-fraud Policies](#)) and ensures that no one person has control over a process or asset where they can overlook errors, falsify information, or attempt theft.
- 5.3 Directors should ensure that cash management is performed by different roles and the duties and responsibilities are separated. Separation of duties must be maintained so that no individual employee has the responsibility for more than one of the following:
 - Counting and carrying cash to a secure location
 - Counting, providing receipt for cash at secure location and bagging cash for collection
 - Collection/deposit of cash at bank
 - Bank reconciliation
- 5.4 Each task should be carried out by a different person. This helps prevent human error and protects the individual employees and the Council from risk of error, loss, or fraud.

Cash disbursement & collection policy

- 5.5 Cash collected from clients or from other sources must be deposited at the bank promptly and at least weekly. Cash stored in Council buildings for periods up to deposit at the bank, must be stored securely in a locked safe (see 5.6 below).

- 5.6 Cash must be stored securely in a locked safe. Centrally held safes are located at Fountain Court office on the 1st and 2nd floors. Cash requiring storage prior to being deposited with the bank, can be arranged by contacting the banking team at Banking_Team@middlesbrough.gov.uk. Emails should be marked as urgent.
- 5.7 The Estates team also control a safe at Fountain Court, if the banking team cannot accommodate the cash storage, please contact socialcareestates@middlesbrough.gov.uk. Safe access is restricted to:
- VAT, Taxation and Banking Officer
 - Accounting Assistant VAT, Taxation and Banking
 - Revenue and Benefits System Support Service Lead
 - Revenue and Benefits System Support Service Officer
 - Revenue and Benefits Administrator
 - Client Finance Lead
- 5.8 Any cash collected must be transported immediately by the officer, to a secure facility as mentioned in 5.6 or 5.7 of this policy. Any employee transporting cash of any value must inform their line manager and where this amount is more than £5,000 another Council employee must accompany the employee.
- 5.9 Cash must be transferred to a secure location on the same day and the following precautions must be taken:
- Cash can only be transported in an unmarked bag.
 - If carrying more than £5,000, two people are required to transport the cash.
 - Officers carrying the cash should do so as discreetly as possible, varying times and routes as appropriate.
 - Staff should always remain alert.
 - Avoid public transport and secluded places.
 - If threatened or attacked, the following procedure should be adopted:
 - Personal safety of the members of staff is paramount.
 - Using professional judgement, consider the risk to yourself and others with you.
 - If judged at risk of injury or harm, surrender the cash immediately.
 - Make a note of the description of the individuals responsible and methods and direction of travel.
 - Report to the Police and your Line Manager immediately
- 5.10 Where it is not possible to transport the cash to the secure location on the same day, due to any unavoidable circumstances, the following should be assessed:
- Can the cash be left where it is, securely? If so, make arrangements to collect the following day or on a day where it is possible to transport to the locked safe.
 - If the cash cannot be left where it is and this is outside of working hours, the officer must report this to their line manager and have a second officer verify the amount before transporting to their home. The officer must transport the cash to the locked safe at the Council premises immediately that it is possible to do so.

- 5.11 All cash that is received should be recorded immediately and placed in a secure safe in readiness to be banked at the earliest opportunity. As a minimum, nominated officers should be banking cash in line with the pre agreed collection schedule.
- 5.12 Cash collection duties assigned to employees are confidential and must not be discussed with anyone to avoid any risks and as such, anything less will be considered as gross misconduct.
- 5.13 Once the cash is transported to the secure location, the officer with access to the safe must count the cash and confirm by issuing a receipt.
- 5.14 Where officers need to change cash for multiple denominations, the requirements of this policy and the carrying of cash must be adhered to. Cash can be changed at the Middlesbrough branch of NatWest.
- 5.15 The Council self-insures against any theft, robbery or cash loss in transit and risk assessments must be conducted within any service area that may/do transport cash. Risk assessment forms are included at Appendix A. This responsibility rests with the appropriate Head of Service and any losses will be subject to a thorough investigation and would trigger a review of the process to ensure any weaknesses are mitigated.
- 5.16 Official numbered receipts must be issued for all cash received. Receipt books must be securely held by the Banking Team and are uniquely numbered and controlled. The Banking Team will issue receipt books to relevant officers but only after assessment of need will an officer be provided with a receipt book. The Banking Team must keep a record of the numbered receipt books and who they were issued to.
- 5.17 The Banking Team will undertake an annual review of officers issued with a receipt book to ensure only those still with a business, retain any stock of receipt books.

Access to the Safe

- 5.18 The role of the officer with access to the safe is to ensure that accurate and up to date records are always kept and maintained relating to all cheques and cash held in the safe and should match the receipts issued and the amount held in the safe. Where there is any inconsistency, this must be reported to the appropriate Head of Service immediately.
- 5.19 The safe should be always locked and access to the safe is restricted to appropriate members of staff. If an officer with access to the safe forgets the safe combination or there is a possibility that a non-authorized person acquires the combination, this must be reported to the appropriate Head of Service and the combination must be changed immediately.
- 5.20 The banking team maintains a list of all relevant officers, who are responsible for handling cash and a list of officers with access to the safe. Officers will only be added to the list with approval from the Head of Finance & Investment, before release of the combination.
- 5.21 The combination must be changed on a regular basis and at least quarterly. The combinations are controlled by the following officers:

- Revenue & Benefits Operations Manager

- Client Finance Lead

Cheques

- 5.22 The Council prefers electronic payment methods such as online via the web site, by direct debit, credit, or debit cards however, if any cheques are received, they must be recorded in line with the relevant business process and placed in a secure location in readiness to be banked at the earliest opportunity. As a minimum, the Council should be banking cheques in line with the pre agreed collection schedule.
- 5.23 There are cheque procedures in place within Integrated Support Unit (ISU) and the team will record and distribute cheques to the appropriate team.
- 5.24 Cheques can be banked by contacting the Banking Team to request a secure collection where the relevant team are able to bag the cheques themselves and complete an E-return including the appropriate fund. If there are any doubts in relation to this process, please contact Banking_Team@middlesbrough.gov.uk.
- 5.25 If you cannot bag the cheques and complete an E-return, please contact Banking_Team@middlesbrough.gov.uk for them to bank the cheques on your behalf.

Banking Cash and Cheques

- 5.26 Cash and cheques must be kept to a minimum but if received must be banked promptly and at least in line with the pre agreed collection schedule, which is maintained by the Banking Team. The amount of income banked should match the amount of income received and the amount of income that was/is held in the safe.
- 5.27 Bank Paying in Slips must be used for all income that is being banked. A separate Bank Paying in Slip is needed for cash and coins and a separate one for cheques, with the bag numbers on the slips ready for collection by Security Plus in line with the pre-agreed collection schedule.
- 5.28 Contractual arrangements are in place for the Council income collection. All collection sites are risk assessed regularly and in line with the contractual arrangements.
- 5.29 As part of the preparation for the banking of income, cash and cheques must be bagged appropriately. A separate Security Plus collection bag is required for notes and coins and a separate bag is required for the cheques. The collection bag should have label/sticker clearly visible on the front of it which shows which site the bag has been collected from. The bags should contain the income that the site wishes to have banked.
- 5.30 Income bags should be securely stored by relevant sites. The serial numbers of the bags held by each location should be documented and used in consecutive order. Any disregarded income bags should be fully documented and destroyed.
- 5.31 Before the income bags are collected, a scan of the serial number on the bags is undertaken and a receipt provided. The contents are not checked, although it is mandatory for sites to record the serial number of the income bag and the bank paying in slip and keep it filed with all other income records.

- 5.32 The role of the security company is to transport the Council's cash securely to a central counting house. On delivery to the counting house the income bags are scanned and signed for as appropriate.
- 5.33 The counting house assigns the income to the Council's bank account and references the paying in slip. The cash is reconciled against the e-return data/Pay360.

Returned Funds

- 5.34 Where officers need to return any funds provided to them to make purchases on behalf of the council i.e., if an electronic payment is made to a smart phone to allow the officer to retrieve cash to make a cash transaction and there is surplus cash left after the transaction, the balance must be paid back using the employees debit/credit card via the customer centre.
- 5.35 Any overpayments that are not repaid and the employee retains the money may be subject to disciplinary proceedings as outlined in paragraph 2.5.

6. Monitoring and Review

- 6.1 The Head of Finance & Investments will review the Cash Handling Policy every 3 years.
- 6.2 All relevant Directors must ensure that risk assessments are complete, and these will form part of a review undertaken by the Head of Finance & Investments annually.

7. Evaluation

The Cash Handling Policy will be evaluated against the cash handling risk assessment control measures in Appendix A, reviewed annually and findings distributed to the relevant Directors and Directors.

General Risk Assessment

Activity Being Assessed:	Cash Handling	Reference Number:	<Refer to service area risk assessment inventory>
Names of Assessors:	<Service area manager's name here>	Date Completed:	04/01/2024
Activity / Process:	Cash handling in Council premises or from Service Users Residence.		

Risk Matrix Table					
Severity	Likelihood of harm				
	1 – Very Unlikely	2 - Unlikely	3 - Possible	4 – Likely	5 – Very Likely
1 – Extremely Low (Trivial injury)	1	2	3	4	5
2 - Low (Minor injury)	2	4	6	8	10
3- Medium (Lost Time injury)	3	6	9	12	15
4 - High (Specified injury)	4	8	12	16	20
5 - Extremely High (Fatality)	5	10	15	20	25

- Identify significant hazards and who could be harmed (E – Employees, SU – Service Users, VP - Vulnerable Persons, V – Visitors, P - Members of the Public, C – Contractors, ES - Emergency Services)
- Once the significant hazards and existing control measures have been identified, the remaining risks need to be rated.
- The risk matrix table above can be used to calculate the overall risk rating by multiplying the relevant numbers assigned to the likelihood and the severity of each hazard.
- Once the overall risk rating has been calculated for each hazard, the table below will indicate if further action is required to control the risks.
- The action register should be used to document any additional control measures required.
- Once additional control measures have been implemented the risk rating will need to be reassessed and the additional control measures incorporated into the main assessment.

Overall Risk Rating	Action Required
(1 - 5) Low Risk	Maintain existing control measures
(6 - 12) Medium Risk	Review existing control measures and where possible add additional control measures to further reduce the risk.
(15 - 16) High Risk	Consideration given to stopping the activity. Additional control measures are required to reduce risks to acceptable level.
(20 – 25) Extremely High Risk	Stop activity until additional control measures are implemented to reduce risk to an acceptable level.

Ref	Hazard Identification & Associated Risks	Who could be harmed? (E, SU, VP, V, P, C, ES)	Existing Control Measures	Residual Risk Rating		
				Likelihood	Severity	Overall
1	Theft Threat to personal safety.	E, SU, VP, V, P, C, ES	<ul style="list-style-type: none"> Cash stored in safe. Key to safe removed from site when unoccupied. Code to safe only shared with officers listed in policy. Cash stored in moneybox in office in <i>Middlesbrough House/Fountain Court/Council locations with petty cash.</i> Minimal amounts of cash stored – maximum of £30,000. Security firm collect and bank cash. Presence of cash when banking not obvious. Employees / Volunteers trained and instructed to hand over cash if approached by miscreants. Employees / Volunteers possess mobile phone. 	1	4	4
2	Accusation of theft	E, SU, VP, V, P, C, ES	<ul style="list-style-type: none"> Receipt given and person giving cash required to sign. If cash received and no one present, envelope not opened until in presence of another individual from the organisation. 	1	4	4
3	Taking or giving Cash from/to service users	E, SU, VP, V, P,	<ul style="list-style-type: none"> Ensure that cash is handled discreetly. Take time to ensure that money is counted correctly, recorded accurately, and stored safely even when the counter is busy. Provide receipts to all service users depositing money. Cash to be handled and secured appropriately. 	1	4	4
4	Transporting money to Secure location	E,	<ul style="list-style-type: none"> Cash can only be transported in an unmarked bag. Two people are required to take the cash/cheques to the bank/safe location. The staff carrying the money should do so as discreetly as possible, varying times and routes as appropriate. They should remain alert and beware of complacency. <p>If threatened or attacked, the following procedure should be used:</p> <ul style="list-style-type: none"> Personal safety of the members of staff is paramount. Using professional judgement, consider the risk to yourself and others with you. If judged at risk of injury or harm, surrender the cash immediately. Make a note of the description of the individuals responsible and methods and direction of travel. Report to the Police and your Manager immediately. Always ensure at least 2 people are present for cash in transit. 	2	4	8

Ref	Hazard Identification & Associated Risks	Who could be harmed? (E, SU, VP, V, P, C, ES)	Existing Control Measures	Residual Risk Rating		
				Likelihood	Severity	Overall
5	Storage of Cash	E,	<p>Safe Keys/Code:</p> <ul style="list-style-type: none"> The access to safe keys/code should be restricted and kept to the minimum required to allow for operational requirements. Authorised key/code holders must not hand/share to other members of staff. During working hours' keys, should be kept in a locked drawer/ cupboard or on the person responsible for the keys and under no circumstances should be left lying around on desks, filing cabinets or in Offices. No information relating to the safe or its location should be attached to the keys. The overnight storage of keys should not be kept in the same office as the safe. Keys should be stored in a secure environment, either in a locked drawer/cabinet or a night safe. The loss of keys/breach of code information must be reported immediately to the Head of Finance & Investment/Director of Finance When staff leave, who had access to safe keys/codes, steps should be taken to ensure that the locations of where keys are stored, and codes are changed. Where possible combinations/locks on the door where the safe is kept should also be changed. 	1	4	4

Risk Assessment Authorisation & Review

Name of Assessor(s):		Signature of Assessor(s):		Date:	
Name of Authorising Manager:		Signature of Authorising Manager:		Date:	

- This risk assessment is a living document and must be reviewed regularly (at least annually) by the manager responsible for the activity being assessed. It should also be reviewed:
 - If there is reason to doubt the effectiveness of the assessment.
 - Following an accident or other significant incident which could impact upon the safety of employees or relevant others.
 - Following significant changes to the task, process, procedure, personnel, or line management.
 - Following the introduction of vulnerable personnel.
- A copy of the updated risk assessment should be maintained and made available for inspection and audit purposes.

Review	Name of Manager	Date	Comments
Review 1			
Review 2			
Review 3			
Review 4			
Review 5			
Review 6			
Review 7			
Review 8			